

HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
Minutes of the Rules Committee Meeting
August 27, 2002

TRUSTEES PRESENT

Mr. Davis Yogi, Chairperson
Mr. Clifford T. Uwaine, Vice-Chairperson (Arrived at 1:41 p.m.)
Mr. Willard Miyake

TRUSTEE ABSENT

Mr. Neal Miyahira

ATTORNEY

Mr. Brian Aburano, Deputy Attorney General

HEUHBTF STAFF

Mr. H. Mark Fukuhara, Administrator		
Mr. John Garner, Consultant	Ms. Shirley Kawamoto	Mr. Gary Sanehira
Ms. Gerti Reagan, Consultant	Ms. Maria Quartero	Ms. Karen Tom

OTHERS PRESENT

Ms. Lynette Arakawa, HDS	Ms. Jan Munemitsu, UH
Mr. George Butterfield – HSTA-Retired	Ms. Kären Muronaka - HSTA-Retired
Ms. Elaine Fujiwara, HDS	Ms. Linda Sawai, UHPA
Mr. Vincent Ho – Hawaii Health Systems Corporation	Ms. Jennifer Tobin – C&C of Honolulu, DHR
Ms. Ruth P. Kim – HSRTA and HSTA-Retired	Ms. Amy Yasuda – UH

A. CALL TO ORDER

The meeting of the Rules Committee was called to order when there was a quorum at 1:07 p.m. by Mr. Davis Yogi, Chairperson, in Conference Room 405, Leiopapa a Kamehameha Building, 235 South Beretania Street, Honolulu, Hawaii, on Tuesday, August 27, 2002.

B. APPROVAL OF MINUTES

MOTION was made to approve the minutes of May 23, 2002. (Miyake/Yogi)

Discussion: None.

Vote: Unanimously passed.

MOTION was made to approve the minutes of May 30, 2002. (Miyake/Yogi)

Discussion: None.

Vote: Unanimously passed.

MOTION was made to approve the minutes of June 5, 2002. (Miyake/Yogi)

Discussion: None.

Vote: Unanimously passed.

C. UNFINISHED BUSINESS
REVIEW OF COMMENTS RECEIVED FROM EMPLOYERS AND EMPLOYEE
ORGANIZATIONS TO PROPOSED ADMINISTRATIVE RULES

The Committee reviewed the comments submitted in response to the Committee's consultation on the proposed rules and took action on the comments as follows:

1. Ms. Odetta U. Fujimori, dated October 3, 2002, commented that she supports the provision of health insurance coverage up to age 24.
The Committee accepted Ms. Fujimori's comment and discussed a change to Rule 3.02(a)(2) to correct the age for student coverage to 24 years. The Rules related to student coverage were all amended to age 24 to eliminate any IRS tax implications to employees for coverage for students after age 25.
2. The Judiciary, Office of the Administrative Director of the Courts, Personnel Office, dated July 3, 2002, indicated they had no comments at this time.
3. Hawaii Government Employees Association, dated July 30, 2002, supported the proposed rules and asked that the Committee be open to amending or improving the administrative rules after the actual implementation.
4. Office of Hawaiian Affairs, dated June 28, 2002, made comments that required no action.
5. Hawaii State Retired Teachers Association (Jean Y. Aoki and Sarah Moriyama), dated July 22, 2002, submitted comments on the following:
 - a. Rule 1.03, Public Information; cost of copies. The Committee discussed the comment and the fact that there was already a proposed rule indicating that the Board would set a reasonable cost for copies in accordance with applicable state or federal regulations. The Committee also noted that the Board and its Committees placed the rules and other information on the web increasing accessibility and minimizing costs to all interested parties.
 - b. Rule 3.01, Employee-Beneficiary; extending age of an employee-beneficiary to 24 years if the employee-beneficiary is a full-time student. The Committee discussed that the proposed rule reflects the statutory requirement for an employee-beneficiary. A legislative recommendation for the Board's consideration would be submitted to the Administrative Committee on this issue.
 - c. Comment to provide a three-tier rate structure for retirees. The Committee discussed that the tier rate schedule was being addressed by the Benefits Committee and the full Board. It was noted that the statute specifies public employer contributions for a two-tier structure and, therefore, the Trust Fund's ability to offer retirees more than a two-tier structure could be limited by law.

Trustee Uwayne joined the meeting at 1:41 p.m. and Chair Yogi summarized the Committee's consensus agreement on the five previous letters submitted.

6. Mr. George Butterfield, dated July 17, 2002, addressed permitting retirees who reside outside of Hawaii to purchase their own coverage with a reimbursement from the Trust Fund. The Committee discussed the feasibility to establish a mechanism to administer such a program. Mr. Butterfield agreed to wait for response from mainland HMOs to the RFP.
7. UHPA, dated July 19, 2002, submitted a number of format and grammatical comments. In addition to these, the Committee discussed the following UHPA comments:
 - a. Rule 1.07(d)(5), bloc vote as majority. The Committee discussed that the proposed rule complies with the Chapter 87A, HRS, voting requirement.
 - b. Rule 6.01(b), clarity. The Committee discussed that under the proposed rules, coverage will continue for employees who participate in an authorized strike, and the Trust Fund would be permitted to collect premium contributions from the public employers or the employee-beneficiaries.

RECESS: 2:45 p.m. to 2:52 p.m.

- c. Rule 6.02; conflict with policy on shortage contributions and reinstatement. The Committee discussed the possibility of the Board waiving its rules under Rule 1.12 in order to handle UHPA's concern.

RECESS: 2:58 p.m. to 3 p.m.

There being no objection, agenda item III.A., Eligibility for Reciprocal Beneficiaries and Domestic Partners, was taken up as Trustee Uwayne would be unable to attend tomorrow's Rules Committee meeting.

D. NEW BUSINESS

A. Eligibility for Reciprocal Beneficiaries and Domestic Partners

Mr. Aburano provided some background on the State's laws regarding reciprocal beneficiaries. Section 2 of Act 383, SLH 1997, amended Chapter 87, HRS, to require the Public Employees Health Fund ("PEHF") to establish reciprocal beneficiary family coverage health benefits plan for an employee who is a reciprocal beneficiary under Chapter 572. However, the Legislature provided that this requirement would "sunset" on June 30, 1999. The requirement was not re-enacted and it was repealed on June 30, 1999.

In Act 88, SLH 2001, the Legislature did not provide for the Trust Fund to establish reciprocal beneficiary family coverage. Rather, the Legislature defined dependent-beneficiaries and qualified beneficiaries to mean "spouses". The legal and common definition of "spouse" requires a legal marriage. Under Hawaii law, reciprocal beneficiaries cannot be legally married to each other. Thus, Mr. Aburano opined that reciprocal beneficiaries and domestic partners probably could not be included as dependent-beneficiaries or qualified beneficiaries under the proposed rules.

PUBLIC COMMENT:

G. Butterfield commented that there were a relatively small number of employees who signed up for the PEHF's reciprocal beneficiary plan when it was available. He said that this is because it took a year to clarify how much should be charged for premiums. When the AG Opinion was given, reciprocal beneficiaries would have to pay more than a family premium.

Mr. Aburano stated that he understood that a certain proportion of the persons who signed up for the reciprocal beneficiary plan were parents and adult-children rather than domestic partners.

A. Yasuda, UH, shared a copy of the UH legislative proposal on this issue. She stated that currently there are approximately 600 registered reciprocal beneficiary relationships statewide. For UH in 1999, there were ten who signed up for such coverage with a parent-child relationship and not domestic partner relationship.

The Committee will recommend and pass on the UH legislative proposal to the Administrative Committee for consideration.

E. Discussion continued on responses received from various employer and exclusive representative organizations.

8. Superintendent of Education, dated July 2, 2002, requested clarity on Rules 3.01(a)(4)(6), 3.02, 5.03(d), and 6.03(a). A response will be sent to the DOE to clarify their questions.

9. University of Hawaii (UH), dated July 31, 2002, submitted comments on the following:
- Rule 1.02, Definitions "Part-time, temporary, and seasonal or casual employee." The Committee discussed whether to add UH's requested language that excluded its part-time lecturers from this definition. The Committee deferred action on this comment until more information is provided.
 - Rule 2.04, Administrative Appeals. The Committee decided that it was not necessary to expressly incorporate the HAPA hearing requirements.
 - Rule 6.01, Continuation of Coverage. The Committee decided not to take action on the UH's request to propose a rule similar to the PEHF's current rule.
 - Rule 6.03(e), Failure to Comply with Rules. Mr. Aburano recommended no action.

F. COMMUNICATIONS FROM THE PUBLIC AND INPUT FROM ATTENDEES

None.

G. NEXT MEETING

Chair Yogi recessed the meeting to Wednesday, August 28, 2002, at 1:30 p.m., to continue discussion on comments received.

RECESSED at 4 p.m.

Documents Distributed:

1. Minutes of May 23, 2002. (3 pages)
2. Minutes of May 30, 2002. (3 pages)
3. Minutes of June 5, 2002. (5 pages)
4. Letter from University of Hawaii Professional Assembly dated July 19, 2002. (3 pages)
5. Letter from the University of Hawaii dated July 31, 2002. (4 pages)
6. Letter from the City and County of Honolulu, Department of Human Resources, dated August 9, 2002. (7 pages)
7. Letter from Hawaii State Retired Teachers Association dated July 22, 2002. (2 pages)
8. Letter from Superintendent of Education dated July 2, 2002. (1 page)
9. Comments from Garner Consulting, Administrator, and Project Team Manager dated July 26, 2002. (6 pages)
10. Letter from the Office of Hawaiian Affairs dated June 28, 2002. (2 pages)
11. Letter from Mr. George Butterfield dated July 17, 2002. (2 pages)
12. Letter from Hawaii Government Employees Association dated July 30, 2002. (1 page)
13. Letter from The Judiciary, Office of the Administrative Director of the Courts, Personnel Office, dated July 3, 2002. (1 page)
14. Letter from Ms. Odetta U. Fujimori (undated) received on July 24, 2002. (1 page)

**RULES COMMITTEE MEETING
RECONVENED ON WEDNESDAY, AUGUST 28, 2002**

TRUSTEES PRESENT

Mr. Davis Yogi, Chairperson
Mr. Willard Miyake

TRUSTEES ABSENT

Mr. Clifford T. Uwaine, Vice-Chairperson
Mr. Neal Miyahira

ATTORNEY

Mr. Brian Aburano, Deputy Attorney General

HEUHBTF STAFF

Mr. H. Mark Fukuhara, Administrator
Mr. John Garner, Consultant
Ms. Gerti Reagan, Consultant

Ms. Shirley Kawamoto
Ms. Maria Quartero

Mr. Gary Sanehira
Ms. Karen Tom

OTHERS PRESENT

Mr. George Butterfield – HSTA-Retired
Mr. Vincent Ho – Hawaii Health Systems Corporation
Ms. Ruth P. Kim – HSRTA and HSTA-Retired

Mr. Gordon Murakami, Royal State
Ms. Jennifer Tobin – C&C of Honolulu, DHR
Ms. Amy Yasuda – UH

A. CALL TO ORDER

The meeting of the Rules Committee was reconvened when there was a quorum at 2:10 p.m. by Mr. Davis Yogi, Chairperson, in Conference Room 405, Leiopapa A Kamehameha Building, 235 South Beretania Street, Honolulu, Hawaii, on Wednesday, August 28, 2002.

B. Discussion continued on responses received from various employer and exclusive representative organizations.

9. Letter from Walter S. Kirimitsu (attached to the letter from University of Hawaii dated July 31, 2002), dated June 21, 2002, addresses the operating rules and not the proposed rules.
10. Letter from the City and County of Honolulu, Department of Human Resources, dated August 9, 2002, the Committee discussed the following comments:
 - a. Rule 1.12, Authority of the Board to Waive Rule Provisions – by consensus, the Committee agreed to handle via appeal process.
 - b. Rule 1.13 and 2.02, Responsibilities of Employee-Beneficiaries and Public Employers; Enforcement Actions of the Fund; Policies, Standards and Procedures – the Committee agreed that personnel issues are not part of consultation.
 - c. Rule 2.03(d)(3), Declaratory Rulings – add definition for “employer” to include State, counties and other public employers, and replace State with “employer” throughout the proposed rules.
 - d. Rule 5.04, Mandatory Change to Medicare Supplemental Plan for Retired Employees – there was discussion that through policy, the “employer” is the primary source for the reimbursement and if the employee is receiving reimbursement from another source, it is the employee’s responsibility to inform the other source for purposes of

filling in a 1099 form. The Committee's intent is not to discriminate against those retirees who are honest; rather, the Committee feels that it is not cost-efficient to check if employees are receiving reimbursement other than from the "employer." Trustee Miyake would like to make a motion to the Board to increase the reimbursement from \$50 to \$54 to better reflect the actual amount that is being paid by the retirees.

- e. Rules 6.01 and 6.04, suspensions of more than 31 days were deleted from the draft rules; Rule 6.05(a), reinstatement of an employee by order of a court or arbitrator – language is in RFP to address retroactive reinstatement and the carriers did not object. Language is not required as it is redundant to the law.
 - f. Rule 1.02, Definitions, Child – comment on hanai child not included in the rule.
11. Comments from Garner Consulting, Administrator, and Project Team Manager, dated July 26, 2002. With respect to the comment that the rules be reorganized, the Committee discussed whether to do this now or in the future to avoid mistrust as the reorganized rules would look different than those that were sent out for consultation. In connection with this discussion, it was decided to put in a new rule, Rule 3.04, Group Life Insurance Plan, that would describe who was eligible for the Trust Fund's group life insurance benefits. The staff will draft the new rule. The Committee went on to take the following actions in response to the other comments submitted:
- a. Rule 2.02, "however" will be deleted.
 - b. Rule 2.03(b), the phrase as recommended will be deleted.
 - c. Rule 2.03(c), Mr. Aburano will draft language to clarify the term "averments."
 - d. Rule 2.04(b), "not" will be deleted.
 - e. Rule 3.01(a), the Committee decided not to have a definition for "parent."
 - f. Rule 3.01(a), retiree will be listed as an employee-beneficiary.
 - g. Rule 3.02(a)(2), comment has been resolved, i.e., through 24th birthday.
 - h. Rule 3.02(a)(3), word "to" will be added, i.e., existed to prior.
 - i. Rule 4.01(b), word will be changed to "plans."
 - j. Rule 4.02(c), "sent" will be changed to "provided."
 - k. Rule 4.04, rule will be incorporated into Rule 6.03(b) to consolidate cancellation rule.
 - l. Rule 4.06(b), the period to enroll or make status changes will be changed from 31 days to 30 days to conform with HIPAA standards.
 - m. Rule 4.09(c), correct citation will be changed.
 - n. Rule 5.02, there was discussion on considering using one standard effective date for coverage. Date of hire is on the first day of the pay period that must be a workday, not weekend/holiday. The Committee adopted with consensus.
 - o. Rule 5.02(d), no change.
 - p. Rule 5.02(e), federal law requires that the date of adoption or placement for adoption of a child must be the date of the event similar to the birth of a child if enrolled within 30 days. In all other events, coverage is effective from date enrolled.
 - q. Rule 5.03(a), (b), (c), and (d) – Mr. Aburano to incorporate language to accommodate multi-tier structure, e.g., an employee-beneficiary may change levels of coverage to add/delete dependent-beneficiaries in Fund's benefit plans.
 - r. Rule 5.03(e), rule will be combined with Rule 5.02(f). Change title to Enrollment or Changes in Enrollment Upon Retirement.

- s. Rule 5.03, change to reduce verbiage.
- t. Rule 5.04, this comment deferred to include discussion with carriers.
- u. Rule 6.01(c), last sentence will be revised into three sentences as recommended.
- v. Rule 6.03(a), rule was addressed in DOE's comment; no change in rule.
- w. Rule 6.03(b), same as item k to consolidate cancellation rule.
- x. Rule 6.04(c), "in an accredited college or university" in items (3) and (4) will be deleted.
- y. Rule 6.05(a) and (b), refer to Rule 5.02.
- z. Rule 6.05(d), corrects citation.

Chair Yogi requested that the rule for group life insurance be sent out for consultation with a one-week turnaround because the public employers and employee organizations have not seen this rule.

Trustee Miyake stated that the Benefits Committee wanted the Rules Committee to look at whether a rule is needed for a default plan for those who do not respond. After discussion, the Committee agreed that a rule is not needed as the Trust Fund would not default those that opt not to enroll.

Chair Yogi received a draft of a proposed legislative bill regarding part-time, seasonal or casual (PTS) employees from the UH. Recommendation from the Rules Committee will be made to the Administrative Committee for consideration of this issue.

Chair Yogi shared charts from Deferred Compensation on part-time, seasonal or casual workforce, e.g., annual reports since plan inception and documents that illustrate monthly changes of persons coming in/out of the plan. There are 10,000 participants and that reflects a substantial amount of work to locate the former employees by the carriers to make a monetary distribution to employees.

The Committee agreed not to include coverage for PTS in the Trust Fund plans as the handout with the bottom portion of the bar graph illustrates that there are a significant number of people that cannot be found and have an account balance. There is \$24 million to be distributed to employees that range from 17 cents to \$22,000. The point made by Chair Yogi is that if you can't find people to make a monetary distribution imagine the work and the administrative costs to the fund if the fund cannot collect money from this category of employees.

C. COMMUNICATIONS FROM THE PUBLIC AND INPUT FROM ATTENDEES

Ms. Yasuda, UH, shared a copy of a legislative proposal that proposes to amend Section 88-42.5 and Section 88-43, HRS, regarding part-time faculty appointments.

D. ADJOURNMENT

Chair Yogi recessed the meeting until 9 a.m., Monday, September 9, 2002.

RECESSED at 5:07 p.m.

Document Distributed:

1. State of Hawaii PTS Deferred Compensation Retirement Plan, by Trustee Yogi. (2 pages)

**RULES COMMITTEE MEETING
RECONVENED ON MONDAY, SEPTEMBER 9, 2002**

TRUSTEE PRESENT

Mr. Davis Yogi, Chairperson

TRUSTEES ABSENT

Mr. Clifford T. Uwaine, Vice-Chairperson
(Resigned effective September 6, 2002.)

Mr. Neal Miyahira
Mr. Willard Miyake

ATTORNEY

Mr. Brian Aburano, Deputy Attorney General

HEUHBTF STAFF

Mr. H. Mark Fukuhara, Administrator
Mr. John Garner, Consultant
Ms. Gerti Reagan, Consultant

Ms. Shirley Kawamoto
Mr. Gary Sanehira
Ms. Karen Tom

OTHERS PRESENT

Ms. Jean Aoki, HSRTA
Mr. George Butterfield – HSTA-Retired
Ms. Sarah Moriyama, ORTA

Ms. Kären Muronaka, HSTA-Retired
Ms. Amy Yasuda – UH

I. CALL TO ORDER

Due to lack of quorum at 9:09 a.m., the Rules Committee was recessed until September 20, 2002 at 9 a.m. by Mr. Davis Yogi, Chairperson, in Conference Room 1403, Leiopapa A Kamehameha Building, 235 South Beretania Street, Honolulu, Hawaii, on Monday, September 9, 2002.

Materials were distributed to the public who were present.

Chair Yogi took public comments on the draft rules that were distributed.

The meeting was RECESSED at 11:09 a.m.

DOCUMENTS DISTRIBUTED:

1. Administrative Rules, Ramseyer Draft 09/09/02. (26 pages)
2. Approved Minutes, Rules Committee, May 23, 2002. (3 pages)
3. Approved Minutes, Rules Committee, May 30, 2002. (3 pages)
4. Approved Minutes, Rules Committee, June 5, 2002. (5 pages)

**RULES COMMITTEE MEETING
RECONVENED ON FRIDAY, SEPTEMBER 20, 2002**

TRUSTEES PRESENT

Mr. Davis Yogi, Chairperson (Left 10:30 a.m.; Returned 11:40 a.m.)
Mr. Neal Miyahira
Mr. Willard Miyake

ATTORNEY

Ms. Pat Ohara, Deputy Attorney General

HEUHBTF STAFF

Mr. H. Mark Fukuhara, Administrator
Mr. Andy Keowen, Consultant
Ms. Shirley Kawamoto

Mr. Larry Nishihara
Ms. Maria Quartero
Mr. Gary Sanehira

Ms. Karen Tom
Ms. Donna Tonaki

OTHERS PRESENT

Mr. George Butterfield – HSTA-Retired
Mr. Maurice Morita, HSTA
Mr. Gordon Murakami, Royal State

Ms. Kären Muronaka, HSRTA
Mr. Peter Rodriguez, Hartford

A. CALL TO ORDER

The meeting of the Rules Committee was reconvened when there was a quorum at 9:10 a.m. by Mr. Davis Yogi, Chairperson, in Conference Room 405, Leiopapa A Kamehameha Building, 235 South Beretania Street, Honolulu, Hawaii, on Friday, September 20, 2002.

Chair Yogi announced that letters would be drafted to those who submitted comments to the proposed rules consultation. Also, the Ramseyer draft dated September 20, 2002 reflects the changes/comments made by the public and Deputy Attorney General from September 9, 2002.

The Committee discussed that letters that were received from the public:

1. Mr. Murakami distributed his memorandum, dated September 20, 2002.
 - a. Rule 2.02, Policies, Standards, and Procedures - Chair Yogi commented that the Board will consult on a rule change, but may consult on a policy or issue item.
 - b. Rule 2.04(a)(1), Administrative Appeals – the appeal would go back to the employer to determine status of the employee and their dependent(s).
 - c. Rule 4.06, Notification of Changes in Personal Information – a change would be made to clarify that the employee-beneficiary is required to immediately notify the Fund through the employing agency in writing of any changes in the employee-beneficiary's name, address and other information.
 - d. Rule 4.07, Verification of Eligibility, comment on there is no 4.12(e) is corrected. Table of Contents will be renumbered to reflect 4.12 and 4.13.
 - e. Rule 4.11(b), Contribution Shortage – “last known address” should be included in Rule 4.11(a).

- f. Rule 4.11(c), Contribution Shortage – rule is deleted as the response to the question raised is yes, the delegation of authority to cancel enrollment of an employee-beneficiary to the employer’s comptroller or director of finance is primarily for the purpose of affecting payroll.
 - g. Rule 4.12(c) – typo, should be Rule 4.13(c), Notice to the Fund; Recovery of Benefits – “person” does not need to be defined as an employee-beneficiary or dependent-beneficiary is eligible, not ineligible. The first sentence is changed to: “If an event occurs that [terminates a person’s enrollment or that otherwise] makes a person ineligible for continued enrollment or coverage in the benefits plans offered or sponsored by the Fund, that person or employee-beneficiary shall notify the Fund of the event as soon as reasonably practicable.”
 - h. Comment suggesting that elections and/or notifications be made on forms prescribed by the board – Already addressed in Rule 4.01(a); sentence is changed to read: “An employee-beneficiary shall file an enrollment application as prescribed by the Board or by policy to enroll, change or cancel and enrollment in any benefits plan, including long-term care, offered or sponsored by the Fund.” Language will be placed in either (a) or (b).
2. Mr. Higa submitted memorandum, dated September 17, 2002.
- a. Concern of no adjournment time on the agenda – the Committee has been reasonable and either deferring an item or recessing the meeting to allow for as much input as possible. Also, if there was an adjournment time, the Committee would not be able to continue the agenda if it is not completed.
 - b. Concern that the agenda is too broad – the Deputy Attorney General does not feel that it is.
 - c. Concern of the quality of level of drafting of the proposed rules and that the general public should not be expected or required to be the janitors to clean-up for the Committee or Board – the Committee is appreciative of public input as it is a large task and it is not expected that they are janitors.
- Chair Yogi tasked the Deputy Attorney General to draft responses to concerns 1, 2, and 3 and Chair Yogi will respond to concern 4.
3. Mr. Higa submitted memorandum, dated September 17, 2002.
- a. Concern that the Committee ignored the limitation contained in the statute and is purposely proceeding to violate the law, or has been misled, or is otherwise not informed on limitations to its authority to establishing eligibility criteria via the proposed rules prepared – Ms. Ohara stated that the Trust Fund cannot operate in excess of its statutory authority. The Committee discussed if Rule 3.00, Eligibility, subsection 3.01, Employee-Beneficiary, is inconsistent with Chapter 87A, HRS, on the eligibility criteria to determine who can qualify as an employee-beneficiary. The Committee agreed that the Trust Fund is not exceeding its statutory authority.
- Chair Yogi tasked the Deputy Attorney General to draft a response that the Committee does not feel that they are exceeding its statutory authority.

The Committee went over the proposed changes to the draft rules version of September 20, 2002 as outlined in Ramseyer format. The purpose of the discussion was to either accept or have

further discussion on the changes as proposed by the Committee, Deputy Attorney General, consultant, staff, and the public.

Chair Yogi turned the meeting over to Trustees Miyake and Miyahira as he was called away from the meeting from the discussion on page 4 (all references to benefits plans will be replaced with benefit plans) at 10:30 a.m.

The following items required further discussion:

1. Rule 2.03(c), language to clarify the term “averments” – The proposed language is changed to read: “The Board may deny intervention where: (1) the petition to intervene raises issues not reasonably pertinent to the issues already presented; (2) the petition raises issues that would unduly [~~complicate or~~] broaden the issues to be decided[~~;~~ or (3) granting the petition to intervene would not serve any useful purpose].” Ms. Ohara stated that inclusion of the phrase “unduly complicate” gives the Trust Fund flexibility to deny intervention in specific cases. However, after discussion, the Committee concluded that the word “complicate” is subject to interpretation and item 3 is a new concept and not the intent of the original language.
2. Rule 2.04(a)(3) and (4), the added phrase “including long-term care” is moved to after “benefit plans.”
3. Rule 4.12
 - (a), bracketed language was based on discussion on September 9, 2002. Underscored language is based on Trustee Miyake’s concept to have the effective date of cancellation be the last day of the pay period to be fair to the employee that has paid until the end of the pay period. Mr. Sanehira was asked to provide information on how many employees actually sign up on an event date.

RECESS: 11:05 a.m. to 11:10 a.m.

- (b)(2), language is changed to “When the person is notified after the effective date of the enrollment, the enrollment shall be canceled [~~ten days~~] on the last day of the pay period in which the notice was given after the date of the Fund’s notice of cancellation to the ineligible person or employee-beneficiary.”
 - (c), language for the last sentence is changed to “The effective date of cancellation shall be [~~thirty days~~] the last day of the second pay period following the date that the premium contribution was due.”
4. Rule 4.13, last sentence is changed to “The effective date of the termination shall be the last day of the pay period in which the date the change in employment status occurred.”
 5. Rule 5.01(b), language is changed to “The effective date of coverage shall be the first day of the pay period immediately following the qualifying event [date the change in employment status occurs].”

Trustee Yogi returned to the meeting at 11:40 a.m.

Conclusion of discussion for Rule 5.00 are concepts for: 1) cancellation will be the last day of the pay period following the qualifying event; 2) enrollment will be the first day of the pay period immediately following the qualifying event; 3) retirees’ event date shall be the

first of the month and termination of coverage will be effective on that date; and
4) effective date for surviving spouse will be the following pay period.

B. COMMUNICATIONS FROM THE PUBLIC AND INPUT FROM ATTENDEES

- Two memoranda dated September 17, 2002 were received from Mr. Melvin M. Higa, Mutual Benefit Association of Hawaii, expressing his concerns to the Rules Committee.
- Memorandum dated September 20, 2002 was received from Mr. Gordon C. Murakami, The Royal Insurance Agency, Inc., providing suggested changes to the proposed rules.

C. NEXT MEETING:

The next Rules Committee meeting is scheduled for Thursday, October 3, 2002, at 9 a.m., location to be determined.

D. ADJOURNMENT:

MOTION was made to adjourn the meeting. (Miyahira/Miyake)
The motion was unanimously passed.

Meeting adjourned at 12:26 p.m.

Respectfully submitted,

/s/
Davis Yogi, Chairperson

APPROVED on April 23, 2003.

Documents Distributed:

1. Draft 9/9/02 Clean (Ramseyer revisions accepted) w/ Additional Public and Deputy Attorney General Comments, version 9/20/02. (25 pages)
2. Memorandum from Mr. Melvin M. Higa, Mutual Benefit Association of Hawaii, dated September 17, 2002, regarding his concern of the quality of level of drafting of the proposed rules. (1 page)
3. Memorandum from Mr. Melvin M. Higa, Mutual Benefit Association of Hawaii, dated September 17, 2002, regarding his concern that the proposed administrative rules do not conform to statute.
4. Memorandum from Mr. Gordon C. Murakami, The Royal Insurance Agency, Inc., dated September 20, 2002, regarding Suggested Changes to Proposed Rules. (2 pages)